

**COLLECTIVE BARGAINING
AGREEMENT**

BETWEEN

THE BOEING COMPANY

And

**THE INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE WORKERS,
AFL-CIO**

And its

LOCAL LODGE 18

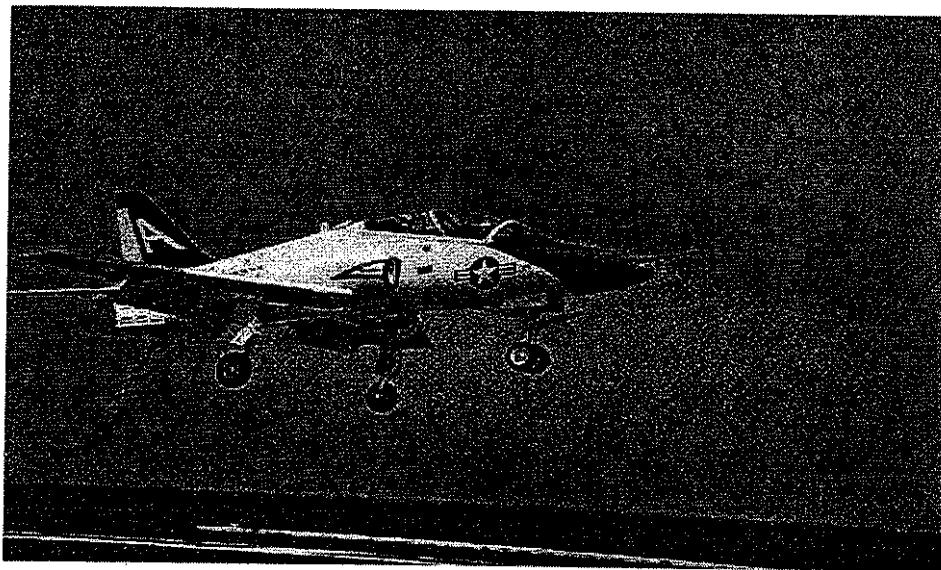


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THIS AGREEMENT, dated as of 1 March 2003 by and between The Boeing Company (hereinafter referred to as The Company) and The International Association of Machinists and Aerospace Workers, AFL-CIO, and its Local Lodge 18 (hereinafter referred to as "the Union").

WITNESSETH that

WHEREAS, the Union is the exclusive bargaining agent of certain employees of the Company, and

WHEREAS, the Union and the Company have negotiated a Collective Bargaining Agreement covering wages, hours and other conditions of employment, and

WHEREAS, the parties desire to reduce the Agreement to writing,

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, the parties hereto agree as follows:

ARTICLE 1 RECOGNITION

Section 1.1 Recognition. The Company recognizes The International Association of Machinists and Aerospace workers, AFL-CIO, Local Lodge 18 as the sole and exclusive bargaining agent with respect to rates of pay, wages, hours of work and all other conditions of employment for all employees covered by this Agreement.

Section 1.2 Bargaining Unit. The Employer and the Union agree that the employees covered by this agreement shall consist of the following: designated employees of Boeing Integrated Defense Systems (IDS), of The Boeing Company, at Naval Air Station, Meridian, Mississippi 39309 under United States Navy Contract N00019-99-C1047 and its successor contracts, who are classified in jobs set out in this Agreement. Excluded from the unit are all, supervisors and managers, office clerical employees, professional employees and guards as defined by the National Labor Relations Act, and all other employees of Boeing Integrated Defense Systems (IDS), or their parent organization, including those employees on contracts other than those identified above.

ARTICLE 2 RIGHTS OF MANAGEMENT

The management of the company and the direction of the work force is vested exclusively in the company subject to the terms of this Agreement. All matters not specifically and expressly covered or treated by the language of this Agreement may be administered for its duration by the company in accordance with such policy or procedure as the company from time to time may determine. The company does have the right to subcontract work and designate the work to be performed by the company and the places where it is to be performed, which right shall not be subject to arbitration.

ARTICLE 3 UNION AND COMPANY RELATIONS

Section 3.1 Union Activity During Working Time. Solicitation of Union membership, collection or checking of dues, will not be permitted during working hours. The Company agrees not to discriminate in any way against any employee for the filing of complaints or grievances or for Union activity. Any employee engaged in unsanctioned Union activity during working time, except as specifically allowed by the provisions of

this Agreement, or by other agreement between the Company and the Union, is subject to disciplinary action.

Section 3.2 Strikes and Lockouts. The Union agrees that during the term of this Agreement and regardless of whether an unfair labor practice is alleged (a) there will be no strike, slow-down, sit-down, or walk-out and (b) the Union will not directly or indirectly authorize, encourage or approve any refusal on the part of employees to proceed to the location or normal work assignment. Any employee who violates this clause shall be subject to discipline. The Company agrees that during the term of this Agreement there will be no lock-out of employees covered by this Agreement. Any claim by the Company that the Union has violated this Section 3.2 shall not be subject to the grievance procedure or arbitration provisions of this Agreement and the Company shall have the right to submit such claim to the courts.

Section 3.3 Union Payroll Deduction. It is agreed between the Company and the Union that any employee in the bargaining unit defined in Article 1 of this Agreement, who is or may hereafter become a member of the Union, may authorize the collection of Union dues by the signing of a payroll deduction form. The employee's authorization shall be irrevocable for a period of one year from the date they are signed or until this agreement expires whichever occurs sooner, irrespective of their membership status in the Union.

3.3(a) This authorization and assignment shall continue in full force and effect for yearly periods beyond the irrevocable period set forth above, and such subsequent yearly period shall be similarly irrevocable unless revoked not more than ten (10) calendar days nor less than three (3) days prior to the date of termination of any irrevocable period hereof. Such revocation shall be affected by written notice to the Company, and a copy sent by certified mail, return receipt requested, to the Union within such period.

3.3(b) Collection of any back dues owed at the time of starting deductions for any employee and collection of dues missed because the employee's earnings were not sufficient to cover the payment of dues for a particular pay period will be the responsibility of the Union and will not be the subject of payroll deductions.

3.3(c) Deduction of membership dues shall be made in a flat sum provided there is a balance in the paycheck sufficient to cover the amount after all other deductions authorized by the employee or required by law have been satisfied. In the event of termination of employment, the obligation of the Company to collect dues shall not extend beyond the pay period in which the employee's last day of work occurs.

Section 3.4 Business Representatives - Access to Plant. The Business Representative of the Union shall have access to the Company facilities where bargaining unit employees are normally assigned during working hours for the purpose of conducting legitimate Union Business pertaining to this Agreement including, but not limited to, the

investigation and advising in the handling of grievances, and will not interfere with the normal conduct of the Company's operation. The Company will not impose regulations which will render the intent of this provision ineffective. The Union shall keep the Company Manager of Human Resources currently informed in writing of the name of the accredited Business Representative. The Business Representative shall notify the Human Resources manager or his designee prior to any visit to the plant. The necessary Company badges and credentials will be given to the Business Representative. Visits shall be made subject to such regulations as may be made from time to time by the Company.

Section 3.5 Shop Stewards. The Union may select not to exceed, except by mutual agreement, one employee per 100 employees (or fraction thereof) per shift as Shop Stewards. However, the Company agrees to recognize a minimum of two stewards on first shift. The union may designate one additional steward to act as Chief Steward. An employee while serving as a Steward shall not be surplused. The Company agrees that notwithstanding operational requirements and if requested by the Union the Chief Steward will be assigned to the first shift.

Section 3.6 Departure from Work Assignment by Stewards to Investigate Complaints or Claims of Grievance. Each steward shall notify and obtain permission from his supervisor before leaving his work assignment for the purpose of investigating complaints or claims of grievance on the part of employees or the Union or contacting the business representative in regard to such claim or grievance. Such permission shall be granted except where there is a substantial reason for delaying the contact or the investigation due to safety conditions or the fact that a critical operation is in process. The supervisor may be present during any discussion relating to any complaint or grievance. However, upon the request of an employee or steward, the supervisor shall authorize a steward to participate in a private discussion with an employee, business representative, or his designee, relating to a complaint or grievance. Discussions of the type described in this Section 3.9 shall be conducted without requiring the employee or steward to clock out provided the discussion does not extend beyond the time that the supervisor considers reasonable under the circumstances.

Section 3.7 Bulletin Boards. The Company will provide bulletin boards for the use of the Union at locations mutually agreed to. Their use will be restricted to the following:

- (a) Notices of Union meetings;
- (b) Notices of Union elections and results thereof;
- (c) Notices of Union recreational and social affairs;
- (d) Such other notices as are mutually agreed upon.

Only notices approved by the Business Representative, or his designee, authorized in writing by the Union and approved by the Company may be placed on the bulletin boards.

Section 3.8 Joint Meetings. Should either party desire to discuss with the other any matter affecting generally the relationship of the parties, a meeting of Union and Management representatives shall be arranged upon request of either party. Such meeting shall take place at a time mutually convenient to both parties. Any use of Company time for attendance at such meetings shall be arranged in advance by mutual agreement.

This Section is intended to provide a free avenue of communication between the Union and the Company, and suggestions, complaints, or other matters may be presented by either party, provided that neither party shall be required to discuss any item brought up by the other party nor be bound to act upon any item presented. However, both parties agree to discuss informal grievances and complaints.

Section 3.9 Indemnity. The Union will indemnify and hold the Company harmless from and against any and all claims, demands, charges, complaints, or suits instituted against the Company which are based on or arise out of any action taken by the Company in accordance with or arising out of the foregoing provisions of this Article 3.

Section 3.10 Nothing in this Agreement is intended to abridge the right of a supervisor to privately discuss with any employee under his or her supervision topics pertinent to the workplace, including but not limited to, the employee's job performance.

ARTICLE 4 GRIEVANCE PROCEDURE AND ARBITRATION

Section 4.1 Establishment of Grievance and Arbitration Procedure. Grievances or complaints arising between the Company and its employees subject to this Agreement, or the Company and the Union, with respect to the interpretation or application of any of the terms of this Agreement, shall be settled according to the following procedure. Subject to the terms of this Article relating to cases of dismissal or suspension for cause or of involuntary resignation, only matters dealing with the interpretation or application of terms of this Agreement shall be subject to this grievance procedure.

Section 4.2 Employee Grievances. In the case of grievances on behalf of employees and subject to the further provisions of Section 4.3 below, relating to cases of layoff or dismissal or suspension for cause of involuntary resignation:

STEP 1. Oral Discussion. The employee first shall discuss his grievance with the Steward and if the Steward considers the grievance to be valid then the employee and the Steward will contact the employee's supervisor and will attempt to effect a settlement of the complaint. This procedure, however, will not prevent an employee from contacting his supervisor if he so chooses. If the purpose of the employee's contacting his supervisor is to adjust the grievance, the Steward shall be given an opportunity to be present and such adjustment shall be in conformity with this Agreement.

STEP 2. Grievance Reduced to Writing. Handling at Supervisory Level. If no settlement is reached in Step 1, the Steward, if he considers the grievance to be valid, may at any time reduce to writing a statement of the grievance or complaint which the grievant must sign and it shall contain the following:

- (a) The facts upon which the grievance is based.
- (b) Reference to the section or sections of the Agreement alleged to have been violated (this will not be applicable in cases of dismissal or suspension for cause or of involuntary resignation).
- (c) The remedy sought.

The Steward shall sign and submit the written statement of grievance to the manager for consideration, with a copy to Human Resources. After such submission, the manager and the Steward may, within the next five (5) workdays, unless mutually extended, settle the written grievance and, over their signatures indicate the disposition made thereof. Otherwise, promptly after the expiration of such five (5) day period, or agreed extension thereof, the manager and the Steward shall sign the grievance and their signatures will indicate that the grievance has been discussed and reconsidered by them and that no settlement has been reached.

STEP 3. Written Grievance Handling at Business Representative/Company Representative Level. If no settlement is reached in Step 2 within the specified or agreed time limits, the Business Representative or his designee may at anytime thereafter submit the grievance to the Site Manager or the designated representative of the Company. After such submission, the designated representative of the Company and the Business Representative or his designee may, within the next ten (10) workdays, unless mutually extended, settle the grievance and, over their signatures, indicate the disposition made thereof. Otherwise, promptly after the expiration of such ten (10) day period, or agreed extension thereof, the designated representative of the Company and the Business Representative, or his designee, shall sign the grievance and their signatures will indicate that the grievance has been discussed and reconsidered by them and that no settlement has been reached.

STEP 4. Arbitration. If no settlement is reached in Step 3 within the specified or agreed time limits, then either party may in writing, within ten (10) workdays thereafter, request that the matter be submitted to an arbiter for a prompt hearing as hereinafter provided in Sections 4.6 to 4.7, inclusive.

Section 4.3 Dismissals, Suspensions, Layoff, etc. In cases of layoff or suspension for cause, or of involuntary resignation, the employee shall be given a copy of the layoff, suspension or termination of service slip, as the case may be, if he is available to be

presented with such copy. If he is not available, copies of the slip will be sent to the employee and to the Union office. The employee shall have the right to appeal the action shown on the slip providing the Union files a written grievance with the designated representative of the Company within ten (10) workdays after the date of layoff dismissal, or suspension for cause, or involuntary resignation, or within ten (10) workdays after the date of the mailing of the copy of the slip. The written grievance then may be processed through subsequent steps.

Section 4.4 Union Versus Company. Processing of grievances which the Union may have against the Company shall begin with step 3 and shall be limited to matters dealing with the interpretation or application of terms of this Agreement. Such grievance shall be submitted in writing to the designated representative of the Company, and shall contain the following:

- (a) Statement of the grievance setting forth the facts upon which the grievance is based.
- (b) Reference to the section or sections of the Agreement alleged to have been violated.
- (c) The correction sought.

The grievance shall be signed by the designated representative of the Union. If no settlement is reached within ten (10) workdays (unless mutually extended) from submission of the grievance to the designated representative of the Company, both shall sign the grievance and indicate that it has been discussed and reconsidered by them and that no settlement has been reached. Within ten (10) workdays thereafter the Union may in writing request that the matter be submitted to an arbiter for a prompt hearing as hereinafter provided in 4.6 to 4.7, inclusive.

Section 4.5 Retroactive Compensation. Grievance claims involving retroactive compensation shall be limited to thirty (30) calendar days; prior to the written submission of the grievance to Company representatives, provided, however, that this thirty (30) day limitation may be waived by mutual consent of the parties.

Section 4.6 Selection of Arbiter - From Federal Mediation and Conciliation Service. The parties shall jointly request the Federal Mediation and Conciliation Service to submit a panel of five (5) arbiters. Such requests shall state the general nature of the case and ask that the nominees, be qualified to handle the type of case involved. When notification of the names of the panel of five (5) arbiters is received, the parties in turn shall have the right to strike a name from the panel until only one name remains. The right to strike the first name shall be determined by lot. The remaining person shall be the arbiter.

Section 4.7 Arbitration - Rules of Procedure. Arbitration pursuant to Step 4 shall be conducted in accordance with the following:

4.7(a) The arbiter shall hear and accept pertinent evidence submitted by both parties and be empowered to request such data as he deems pertinent to the grievance and shall render a decision in writing to both parties within thirty (30) days, unless mutually extended, after the completion of the hearing.

4.7(b) The arbiter shall be authorized to rule and issue a decision in writing on the issue presented for arbitration which decision shall be final and binding on both parties.

4.7(c) The arbiter shall rule only on the basis of information presented in the hearing before him and shall refuse to receive any information after the hearing except when there is a mutual agreement, in the presence of both parties.

4.7(d) Each party to the proceedings may call such witnesses, as may be necessary, in the order in which their testimony is to be heard. Such testimony shall be limited to the matters set forth in the written statement of grievance. The arguments of the parties may be supported by oral comment and rebuttal. Either or both parties may submit written briefs with a time period mutually agreed upon. Such arguments of the parties, whether oral or written, shall be confined to and directed at the matters set forth in the grievance.

4.7(e) Each party shall pay any compensation and expenses relating to its own witnesses or representatives.

4.7(f) The Union or the Company, whichever is ruled against by the arbiter, shall pay the compensation of the arbiter including his necessary expenses.

4.7(g) The total cost of the stenographic record (if requested) will be paid by the party requesting it. If the other party also requests a copy, that party will pay one half of the stenographic costs.

Section 4.8 Extension of Time Limits by Agreement. Time limits designated in this Article for processing grievances and for bringing a matter to arbitration may only be extended by mutual written consent.

Section 4.9 Agreement Not to be Altered. In arriving at any settlement or decision under the provisions of this Article, neither the parties nor the arbiter shall have the authority to alter this Agreement in whole or in part.

Section 4.10 Conference During Working Hours. All conferences resulting from the application of provisions contained in this Article shall be held during working hours.

Section 4.11 Business Representative, When Not Available May Authorize Designee. For any period that the Business Representative is unavailable to serve in that capacity under this Article 4, he may designate an accredited Steward or another accredited Business Representative to act for him, as his designee. As to each such period

of unavailability, authorization of the designee will be accomplished by the Business Representative informing the appropriate Company representative of the expected period of the Business Representative's unavailability to perform his duties under this Article 4. He shall promptly notify the Company representative of the fact and such notice will terminate at the end of the period during which the designee is authorized to act.

Section 4.12 Signing Grievance Does Not Concede Arbitrable Issue. The signing of any grievance by any employee or representative either of the Company or of the Union shall not be construed by either party as a concession or agreement that the grievance constitutes an arbitrable issue or is properly subject to the grievance procedure under the terms of this Article.

ARTICLE 5 SENIORITY

Section 5.1 Purpose and Definition. Both parties hereto agree that continued service over a period of time should, and in most cases does, increase the worth of an employee to his employer, and that length of service should receive recognition in case of promotion, and therefore agree:

That the principle of seniority, where qualifications, productivity and dependability are equal, when used for promotion, or Special Assignment Differential as defined in Section 15.8, shall be the determining factor and shall apply upon a company-wide basis in accordance with the specific application provisions of this agreement.

Section 5.2 Probationary Employees.

5.2(a) For the first ninety (90) days of employment, employees shall be considered as on probation and without seniority. However, if a probationary employee is laid off and rehired within a period of time not in excess of the time he had previously spent as a probationary employee, he will be credited with the time previously worked toward the completion of his probationary period. Upon the completion of his probationary period, his seniority date will then be established as of ninety (90) days prior to the completion date of his probationary period.

5.2(b) During such ninety (90) day period, probationary employees may be laid off or terminated at the discretion of the Company. Such layoffs or terminations during the probationary period shall not be subject to the grievance and arbitration procedure.

Section 5.3 Establishment of Seniority. The T-45 TS CLS seniority date of each employee, who, as of the effective date of this agreement, is in the unit defined in Article 1, on authorized leave of absence from the unit or acting in a supervisory capacity over

employees in the unit, shall be in conformance with the date carried on the Company's records. The seniority date of each employee, who, subsequent to the effective date of this agreement is hired, rehired, or transferred into the unit shall be the effective date of such hire, rehire, or transfer.

Section 5.4 Employees With Identical Seniority Dates. When two or more employees have the same seniority date as herein provided, the employee having the lowest number (the last four (4) digits of one's social security number) shall be considered as having the least seniority for tie breaking purposes.

Section 5.5 Accumulation Seniority. Seniority shall accumulate to:

5.5(a) Employees who are on the active payroll of the Company and in the bargaining unit defined in Article 1 of this Agreement:

5.5(b) Employees while on active military service and reinstated in compliance with applicable law;

5.5(c) Time spent on authorized leave of absence for Union business in accordance with Article 8;

5.5(d) Time lost by reason of industrial injury, or industrial illness not to exceed the time limits on layoff statute provided in 5.5(g);

5.5(e) Time spent on authorized leave of absence granted because of pregnancy or to cover periods of non-industrial injury or illness, not to exceed 12 months during any such period;

5.5(f) The first 30 days of any other authorized leave of absence;

5.5(g) Employees who are laid-off will continue to accumulate seniority during time on layoff, not to exceed in each instance: (a) a period of five years for employees with three years or more of seniority at the time of layoff, (b) a period of three years for employees with less than three but more than one year of seniority at the time of layoff, and (c) a period of one year for employees with less than one year of seniority at the time of layoff.

Section 5.6 Loss of Seniority. An individual shall lose seniority rights for the following reasons:

5.6(a) Resignation. In addition to normal resignations, an individual who, while on leave of absence, engages in other employment without prior written approval by the Company, or fails to report for work or to obtain renewal of his leave on or before its expiration, will be considered as having resigned;

5.6(b) Discharge for cause;

5.6(c) Failure to respond with an acceptance within five (5) working days after dispatch of a recall from layoff notice by certified mail (unless such period is extended by the Company);

5.6(d) Failure to report for work within ten (10) working days after acceptance or on such later date as may be designated by the Company;

5.6(e) It is the sole responsibility of the employee to keep the Company properly informed as to his address and telephone number. The Company will fulfill its obligation for notice of recall by mailing a notice to the employee's last address of record;

5.6(f) Layoff for a period of: (a) five years for employees with three years or more of seniority at the time of layoff, (b) a period of three years for employees with less than three but more than one year of seniority at the time of layoff, and (c) a period of one year for employees with less than one year of seniority at the time of layoff;

5.6(g) Retirement;

5.6(h) Absence in excess of three (3) consecutive working days without notification shall constitute RESIGNATION as in 5.6(a) above, unless satisfactory evidence of inability to report for work is shown.

Section 5.7 Transfers To and From the Bargaining Unit.

5.7(a) The Company may transfer or promote employees covered by this Agreement to supervisory positions.

5.7(b) Employees transferring to salaried positions, or employees that have previously transferred to supervisory positions, shall retain their bargaining unit seniority but shall not accumulate additional seniority while they remain in such salaried positions.

5.7(c) The Company at any time may transfer or demote to positions within this unit those employees who have accumulated seniority under Section 5.3 of this Article 5. Such transfers or demotions may be made subject only to the job return rights of others to the extent provided in Article 12.

ARTICLE 6

WORKWEEK, HOURS OF WORK, SHIFTS

Section 6.1 Workweek: The purpose of this Article is to define the normal hours of work, but nothing in this Agreement shall be construed as a guarantee of specified numbers of hours of work either per day or per week. The pay period shall consist of a period of seven (7) consecutive twenty-four (24) hour periods.

The work week shall be forty (40) hours consisting of five (5) days of eight (8) hours and thirty minutes, which shall include a thirty minute unpaid lunch. Each employee will be assigned to a shift with designated times for beginning and ending.

Normal shifts are:

First Shift	Beginning at or after 4:00 a.m. but before 12:00 p.m.
Second Shift	Beginning at or after 12:00 p.m. but before 8:00 p.m.
Third Shift	Beginning at or after 8:00 p.m. but before 4:00 a.m.

Section 6.2 Shifts; Lunch Periods. Employees will be allowed one scheduled fifteen (15) minute rest period before and one fifteen (15) minute rest period after lunch in each complete scheduled work day, the time will be established by the Company. Determination of starting time and hours of work shall be made by the Company and such schedules may be changed from time to time to suit varying conditions of business.

Section 6.3 Employees shall work up to the start of the rest and lunch periods and be at their place of work at the end of their rest and lunch periods. Depending on operations and schedules, employees may be required to work through their rest and/or lunch periods and take them at a mutually agreed later or earlier time during the shift.

ARTICLE 7

OVERTIME

Section 7.1 Overtime. In order for the Company to meet its support obligations, certain employees from time to time will be required to work overtime, as well as shift work during the week, on holidays and weekends. When it becomes necessary to schedule overtime, it will first be offered on a rotating basis to the senior qualified employee on a voluntary basis within the work group/work area where the overtime requirement exists. If management fails to obtain a sufficient number of volunteers to meet the overtime requirement(s), then qualified employees on a rotating basis in reverse seniority order may be directed to work the necessary overtime within the work group/work area where the overtime requirement exists. The Company will provide as much advance notice of overtime requirements as possible.

The company shall not require an employee to work overtime who has worked, three consecutive weekends (either Saturday or Sunday), or 160 overtime hours in the calendar quarter, except in extraordinary circumstances mandated by the customer. Hours worked on any off-site assignment shall not be included in this provision.

Section 7.2 Overtime shall be paid at one and one-half (1.5) times an employee's base rate, plus shift differential and lead pay if applicable, for all hours worked in excess of forty (40) compensated hours in the workweek, including Saturday and Sunday. All compensated hours shall be credited as hours worked for the purpose of overtime calculation.

Section 7.3 Wage Payment Basis. Employees shall be paid for time worked computed to the nearest one-tenth hour.

Section 7.4 There shall be no pyramiding of overtime and/or other premium payments. No overtime shall be worked except by direction of the Company's appropriate management.

Section 7.5 Notwithstanding the customer exercising a "SURGE" day option, an employee returning from a remote assignment of a fourteen (14) day duration or longer, will not be required to work mandatory overtime on their next normally scheduled two days of rest.

Section 7.6 In any dispute regarding any claim that an employee was not given an opportunity to work overtime, the only award, if any, will be that the employee shall be provided an opportunity to work such overtime at the next overtime opportunity.

Section 7.7 The Company Agrees that without twelve (12) hours advance notice, management cannot require more than 50% of a job classification within a skill center to work directed (mandatory) overtime.

ARTICLE 8 LEAVE OF ABSENCE

Section 8.1 Authorized Leaves of Absence. For the time period indicated in each instance, leaves of absence (without pay except to the extent vacation credit or sick leave credit can be used and is used under and in accordance with Articles 16 and 17) shall be granted to an employee on the active payroll:

8.1(a) In case of accident or illness, for the period of time the injury or illness requires that the employee be absent from work. The Company may require satisfactory proof of such injury or illness.

8.1(b) In pregnancy cases, upon request of the employee or at such time as leave shall be mandatory under any applicable law.

8.1(c) For the period of time necessary to serve in the Armed Forces of the United States.

8.1(d) When he is appointed by the President or Directing Representative of the Union representing the particular unit, or selected to a full-time Union position, for the period of time necessary to fill such position.

8.1(e) The Company may grant leaves of absence without pay for other reasons that the Company considers valid.

8.1(f) Requests for leaves of absence must be made in writing to the Company and specify the reason for the absence.

Section 8.2 Return from Leave of Absence. An employee who applies for return from leave of absence on or before the expiration date of his leave will be returned in accordance with the following:

8.2(a) When an employee returns from a leave of absence that was granted due to industrial injury or industrial illness and is medically able to perform the job which was last held.

8.2(a)(1) The employee will be returned to that job if this does not conflict with Article 12.

8.2(a)(2) If this does conflict with Article 12, the employee will be considered for any job that he is qualified and able to perform, or (if a surplus occurred that would have affected him during such leave) be subjected to surplus procedures with Article 12.

8.2(b) When an employee returns from a leave of absence described in paragraph 8.2(a) and is not able to perform the job last held due to medical limitation, he will be considered for any job that he is qualified and able to perform, or (if a surplus occurred that would have affected him during such leave) be subjected to surplus procedures, all in accordance with Article 12.

8.2(c) When an employee returns from a leave of absence that was granted due to non-industrial injury or illness, and the period of the leave has not exceeded one year, and the employee is able to perform the job last held, the steps and procedures of subparagraphs 8.2(a)(1) and 8.2(a)(2), limitation will apply.

8.2(d) When an employee returns from a leave of absence described in paragraph 8.2(c) and is medically not able to perform the job which he last held due to medical limitation, he will be considered for any job which he is qualified and able to perform; otherwise, he may be placed on layoff, in accordance with Article 12.

8.2(e) If leave was granted due to non industrial injury or illness and the period of leave is in excess of one year, the employee may be returned to the job title / classification last held providing there is an opening in such job title and placement in such opening is not inconsistent with Article 12; otherwise, he may be placed on layoff.

8.2(f) If leave was granted for military service, the provisions of applicable laws shall apply.

8.2(g) If leave, irrespective of length, was granted for any reason other than those stated in paragraphs 8.2(a) to 8.2(f) inclusive, the employee will be returned to the job title last held providing there is an opening in such job title and placement in such opening is not inconsistent with Article 12; otherwise, the employee may be placed on layoff.

ARTICLE 9 SAFETY

Section 9.1 Health and Safety. The Company will continue to make reasonable provisions for the safety and health of employees. The Union shall have the right to confer with the Company on matters pertaining to safety of the employees. The Union may designate a safety representative to serve on the Joint Labor Management Safety Committee.

Section 9.2 Requirement of Medical Examination. In the interest of continued safety of individuals and their fellow employees, any applicant for employment or any employee may be required through Government regulations or by the Company to undergo a medical examination by a doctor of the Government's or the Company's selection. If the diagnosis or examination results furnished by the Company doctor are not satisfactory to the employee, he may obtain an opinion from his own doctor. If a disagreement still exists, an additional doctor, mutually agreed upon by the Company and the Union, will be acquired for his analysis. If the mutually agreed upon doctor's diagnosis agrees with the employee's doctor, the Company shall only pay for the services of the mutually agreed upon doctor. The cost incurred for services of all other non-Company physicians shall be the sole responsibility of the employee who gave rise to the dispute.

ARTICLE 10 SEPARABILITY

Should any part hereof or any provision herein contained be rendered or declared invalid by reason of any existing or subsequently enacted legislation or by any decree by a court of competent jurisdiction, such invalidation of such part or portion of this Agreement

shall not invalidate the remaining portions hereof and they shall remain in full force and effect.

The Company and the Union shall meet as soon as possible after the enactment of such legislation or decree to reestablish compliance.

ARTICLE 11 MISCELLANEOUS

Section 11.1 Sabotage. The Union agrees to report to the Company when it has knowledge of any acts of sabotage or damage to or the unauthorized or unlawful taking of Company, Government, customer or any other person's or employee's property. The Union further agrees, if any such acts occur, to use its best efforts in assisting to identify the guilty person or persons and notify the Company of its investigation.

Section 11.2 Security Clearance. Nothing in this Agreement shall require the Company to employ or continue to employ or give access to any of its facilities or work locations, any person or persons to whom the cognizant Security Agency, in the interest of security against espionage or subversive activity, refuses to give access to classified information and/or work. However, the Company will give consideration to assigning an employee in his job title to an area for which he is qualified and a clearance is not required.

Section 11.3 Non-Discrimination. All terms and conditions of employment included in this Agreement shall be administered and applied without regard to race, color, religion, national origin, status as a disabled or Vietnam era veteran, age, sex, or the presence of a handicap except in those instances where age, sex or the absence of a handicap may constitute a bonafide occupational qualification. If administration and application of the contract is not in contravention of Federal laws, such administration shall not be considered discrimination under this Section 11.3.

Notwithstanding any other provision of Section 11.3 of this Agreement, a grievance alleging a violation of this Section 11.3 shall be subject to the grievance procedure and arbitration of Article 4 only if it is filed on behalf of and pertains to a single employee. Class grievances based on alleged violation of this Section 11.3 shall not be subject to the grievance procedure and arbitration under this Agreement.

Section 11.4 Successor and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors and assigns; but in the event the Company ceases to perform on the contract as identified in Article 1, the Company shall be released from all obligations on the project(s) so affected under this Agreement.

Section 11.5 Performance of Work. Supervisors will not regularly perform the duties of employees in the bargaining unit, except in emergency situations, or for the purpose of instructing employees. Supervisors or other non-represented employees are not to perform any unit work solely to prevent a unit employee from earning overtime.

Section 11.6 Travel Reimbursement. The Company will furnish, to the Union, copies of presently published Company policies relating to reimbursement of travel.

Section 11.7 Bargaining Unit Status Report. A quarterly seniority list, updated monthly, will be provided to the Union. The report will include the following information:

- (a) Employee name
- (b) Last four digits of the employee's Social Security Number
- (c) Job number and title
- (d) Seniority date
- (d) Employee's on active layoff

Section 11.8 Masculine - Feminine References. In construing and interpreting the language of this Agreement, reference to the masculine such as "he", "him", or "his" shall include reference to the feminine.

Section 11.9 Contributions to Machinists Nonpartisan Political League. Upon receipt by the Company of a signed voluntary authorization by an employee, on a form approved by the Company, requesting that there be deductions made from his wages, in a monthly amount designated by the employee, such deductions to be forwarded to the Union for use by the Machinists Nonpartisan Political League, the Company will thereafter make such deductions and forward them to the Machinists Nonpartisan Political League, in care of the Union. Such authorization will remain in effect for the duration of this Agreement, unless earlier canceled in writing by the employee.

Section 11.10 Contributions to Guide Dogs of America. Upon receipt by the Company of a signed voluntary authorization by an employee, on a form approved by the Company, requesting that there be deductions made from his wages, in a monthly amount designated by the employee, such deductions to be forwarded to the Union. Such authorization will remain in effect for the duration of this Agreement, unless earlier canceled in writing by the employee.

Section 11.11 Tools. During the term of this agreement employees will not be required to provide tools necessary to perform their job.

Section 11.12 Uniforms. The Company will continue the present practice of providing and maintaining eleven (11) sets of uniforms and one (1) light jacket to employees. In addition, effective October 1, 2003, the Company will provide one (1) jacket with a winter liner or one (1) pair of insulated coveralls to employees.

Section 11.13 Safety Shoes. The Company will maintain a process that will provide employees up to \$85 per year toward the purchase of approved safety shoes where such shoes are mandatory due to regulatory compliance or Company directive. An additional

allowance of up to \$85 will be provided when safety shoes are determined to be unserviceable.

ARTICLE 12

WORK FORCE ADMINISTRATION

Section 12.1 Surplus Action.

12.1(a) In effecting a reduction in force within a Skill Center by job classification, the following procedure shall be followed. The first selection would be probationary employees, followed by voluntary layoff in the Skill Center and classification, followed by full time employees in the Skill Center, by classification in reverse seniority order subject to the use of retention's as defined in Section 12.2.

12.1(b) Affected full time employees referenced in 12.1(a), will be offered a lateral or lower job classification providing they have the required qualifications and certifications on the date of the surplus notification for that job if their seniority permits.

Section 12.2 Retention. A retention is the retaining, in a job classification in which the surplus has been declared by the Company, of an individual whose seniority position would have caused him to have been surplusd while some other employee or employees with greater seniority are surplusd. In each instance, the retained employee will be designated, at the time the retention is used, to be retained in the job classification rather than to have him affected by the surplus action.

12.2(a) In determining the number of allowable retentions, calendar six-month periods shall be used. The first period in each year shall be from January 1 to June 30, inclusive, and the second period shall be from July 1 to December 31, inclusive.

12.2(b) For each period, the allowable number of retentions applicable shall be the number resulting from applying 4% of the total number of employees in the bargaining unit at the beginning of each six-month period. The number of allowable retentions shall be computed to the nearest whole number and a fraction of 1/2 or more shall be treated as one.

12.2(c) The Company's use of retentions in the number allowed or the surpluses resulting from the application and use of such retentions shall not be subject to challenge or to grievance procedure. The District Office, and their designated representative of the Local Union will be notified prior to the use of retentions. The District Office, and their designated representative shall be accorded the opportunity to offer inputs relative to the administration of the Company's retention provisions.

Section 12.3 Recall From Layoff. Employees who are on active layoff status from Skill Centers and job classifications having job openings will be recalled in order of seniority providing they have the required qualifications and are eligible for recertification for that job.

12.3(a) Employees will be notified of recall in writing by certified mail to their last known address on the Company's records, with a copy to the Union, and the employee will be required to report to work within fourteen (14) calendar days following receipt of the written notice. Failure to do so will result in automatic loss of seniority and the employee will be terminated. It is the sole responsibility of the employee to keep the Company properly informed of his/her address and telephone number.

Section 12.4 Temporary Layoffs. When the Company determines it is necessary to reduce the number of employees working within a Skill Center and job classification, employees may be temporarily laid-off for not more than fourteen (14) calendar days, with or without application of the procedures stated in this agreement during such period of temporary layoff. The Company agrees that the union will be notified when possible in advance.

Section 12.5 Temporary Assignment. The Company may temporarily assign employees to perform work assignments described for other job classifications. This assignment shall not exceed ninety (90) calendar days, unless mutual agreement by the parties.

Section 12.6 It is understood that an employee will perform some of the work of jobs in a higher job classification, and some of the work in jobs of a lower job classification. Employees assigned in writing by management on a temporary basis for four (4) or more hours in the higher job classification will be paid the higher rate for the shift.

Section 12.7 The Company maintains the right to determine what qualifications and/or certifications are required for any job classification covered within this bargaining agreement.

Section 12.8 Employee Requested Transfer. The Company will maintain an environment in which employees can make known their interest in transferring to other positions which they are qualified to perform. An Employee Requested Transfer system, including the posting of openings on Company bulletin boards, will be established which will allow each employee to make application for transfer and receive consideration as a candidate for open positions for which qualified. Both parties agree that continued service over a period of time normally does increase the worth of an employee to his/her employer. Therefore, when qualifications are equal the Company agrees to recognize seniority in case of promotions within the Skill Centers included in this bargaining unit. However, the senior employee not selected may appeal the selection to the Site Manager within five days of the Company's selection. The Site Manager's decision shall be final and not subject to the grievance procedure. Only vacancies in the bargaining unit are subject to appeal. Only one appeal per opening will be considered.

ARTICLE 13

JURY AND WITNESS DUTY

Section 13.1 An employee absent from work due to required jury duty will be paid for such lost hours at his current straight time base rate, including differentials where applicable, up to a maximum of eight hours per day, for each regular workday the governmental body that summoned the employee for jury duty pays the employee. Employees will be paid eight (8) hours jury duty pay and will be excused from their scheduled shift if they serve more than four (4) hours on the day so assigned as a juror. All other employees must report for work provided there are more than four (4) hours available on their shift either prior to their scheduled report time for jury duty or after their release from jury duty (two (2) hours of this time will be considered as travel preparation time). Second and third shift employees summoned to jury duty will be temporarily assigned to first shift on a weekly basis during the time required to serve. Fees received for jury duty will not be deducted from such pay. The employee will furnish to the Company evidence satisfactory to the Company showing the performance of jury duty that meets the requirements of this Section 13.1

Section 13.2 An employee absent from work in order to comply with a subpoena as a witness in a federal or state court of law, will be paid for such lost hours at his current straight time base rate, including differentials where applicable, up to a maximum of eight (8) hours per day, for each regular workday for which he is paid a daily witness fee. Employees will be paid eight (8) hours witness duty and will be excused from their scheduled shift if they serve more than four (4) hours on the day so serving as a witness. All other employees must report to work provided there are more than four (4) hours available on their shift either prior to their scheduled report time for witness duty or after their release from witness duty (two (2) hours of this time may be considered as travel preparation time). Witness fees will not be deducted from such pay. An employee is not entitled to such pay under this Section 13.2 in circumstances where the employee (1) is called as a witness against the Company or its interests; or (2) is called as a witness on his own behalf in an action in which he is a party; or (3) voluntarily seeks to testify as a witness; or (4) is a witness in a case arising from or related to his outside employment or outside business activities. The employee will furnish to the Company evidence satisfactory to the Company showing his attendance as a witness that meets the requirements of this Section 13.2.

ARTICLE 14

SHORT-TERM MILITARY DUTY

An employee who is a member of a reserve component of the Armed Forces, who is required to enter active annual training duty or temporary special services, shall be paid his normal straight time earnings, including differentials where applicable, up to a maximum of ten workdays each United States Government fiscal year. The amount due the employee under this Article shall be reduced by the amount received from the government body identified with such training duty or services, for the period of such duty (up to the maximum period mentioned above). Such items as subsistence travel allowance shall not be included in determining pay received from state or federal government.

ARTICLE 15

RATES OF PAY

Section 15.1 Rates of Pay

Section 15.1(a) Effective October 2003 all employees on the active payroll on October 1, 2003 including those on approved leave of absence for ninety (90) days or less, will have their base rate increased by a four (4) percent general wage increase.

Section 15.1(b) Effective October 2004 all employees on the active payroll on October 1, 2004 including those on approved leave of absence for ninety (90) days or less, will have their base rate increased by a three and one half (3 1/2) percent general wage increase.

Section 15.1(a) Effective October 2005 all employees on the active payroll on October 1, 2005 including those on approved leave of absence for ninety (90) days or less, will have their base rate increased by a three and one half (3 1/2) percent general wage increase.

Section 15.2 Reassignments. When an employee's classification is changed in accordance with Section 12.6, or on a permanent basis their hourly rate will be the hourly rate of the new classification as identified in Appendix A.

Section 15.3 Shift Differential. When an employee is assigned to the second shift, he shall receive a shift differential of forty (40) cents per hour. When an employee is assigned to the third shift he shall receive a shift differential of sixty (60) cents per hour.

Section 15.4 Paydays. Pay days for employees under this Agreement on all shifts shall be Thursday of every second week at which time they will be paid through Thursday of the preceding week, except when circumstances beyond the Company's control make such practice impossible.

Section 15.5 Report Time/Call-In Time. If an employee reports for work in accordance with instructions he shall receive a minimum of four (4) hours pay at his base rate. Report time will not apply in case of emergency shut down arising out of any condition beyond the Company's control. An employee who leaves work of his/her own volition, or because of incapacity (other than industrial injury), or is discharged or suspended after beginning work, will be paid only for the number of hours actually worked during that day. An employee that leaves work because of incapacity due to industrial injury will be paid eight hours pay at this base rate, on the date of the industrial injury.

Section 15.6 Bereavement Leave. Up to three days bereavement leave with pay will be granted to an employee on the active payroll who, because of death in his immediate family, takes time off from work during his normal work schedule as such term is defined in Article 6 of this Agreement. Such pay shall be for eight hours at his straight time base rate, including differentials, for each such day off; however, such pay will not be applicable if the employee received pay for such days off under any other provision of this Agreement. Bereavement leave must be taken within the seven days following the death, funeral or service. For the purpose of this Section, the "immediate family" is defined as follows: spouse, mother, father, mother-in-law, father-in-law, sister-in-law, brother-in-law, children, brother, sister, son-in-law, daughter-in-law, grandparents, spouse's grandparents, grandchildren, stepmother, stepfather, stepchildren, stepbrother, stepsister, half brother, and half sister. The Company will require proof of death. In addition, an employee will be granted bereavement leave for a stillborn child if the employee provides a certificate of fetal death which has been certified by the state.

Section 15.7 Lead. The decision to create a lead position and the appointment of an employee to a lead shall be at the sole discretion of the Company, and such rights shall not be subject to the grievance procedure. Management has the right to assign additional responsibilities to employees selected over and above their current job responsibilities with the exception of the following: recommendations concerning employment, release, transfer, upgrading or disciplinary action relative to other employees.

An employee so assigned in writing by the Company, a minimum of eight (8) hours shall be paid a premium of \$1.00 per hour above his/her base rate.

Section 15.8 Special Assignment Differential. When the company assigns an employee in writing for a period of 40 consecutive hours they shall be paid a premium as follows:

Modification Certification Differential	\$1.00 per hour
Collateral Duty Quality Control Insp. Certification Differential	\$.50 per hour

(Effective October 1, 2003) Section 15.8 Special Assignment Differential. When the company assigns an employee in writing they shall be paid a premium as follows:

Modification Certification Differential	\$1.00 per hour
Collateral Duty Quality Control Insp. Certification Differential	\$0.50 per hour
Inventory Control HUB	\$1.00 per hour
Collateral Duty Inspection (differential paid up to a maximum of four ratings)	\$0.25 per hour

Plane Captain (non Aircraft Servicer)	\$0.50 per hour
Certified Engine Operator	\$1.00 per hour
Safe for Flight	\$0.50 per hour
Micro Miniature Qualification	\$0.25 per hour

Section 15.9 Effective Date of Increase. The effective date of any pay increase identified in this agreement, shall be the first day of the next pay period, exceptions to this will be temporary assignments.

ARTICLE 16 VACATIONS

Section 16.1 General. It is the policy of the Company to grant vacation to employees after each year of service. It is believed that a reasonable period of time away from the job is conducive to good health and well-being and can have a refreshing effect that is to the advantage of the Company as well as the employee. Accordingly, it is management's responsibility to give each eligible employee the opportunity to take a vacation each year. Every effort will be made to ensure that each employee uses all his vacation credits for time off within the period of time available to him.

Section 16.2 Accumulation of Credits.

16.2(a) Vacation credits will be awarded at the rate of 1/12 of their annual vacation each month on their vacation eligibility date in accordance with the schedule as listed in paragraph 16.4(a) of this Article. Credit will be given for the employee's total length of service which is continuous with the Company, and other predecessor contractors who performed similar work, and was determined to be a predecessor to the Company under the Service Contract Act.

16.2(b) Vacation credits will not be accumulated during period on layoff, strike, or after the first thirty (30) calendar days of a leave of absence. Such absence during a service year will reduce the vacation credit granted at the beginning of an employee's next vacation eligibility date. The reduction will be in proportion of 1/365th for each day of absence, rounded to the nearest one-tenth hour, of the hours applicable to the employee per the vacation schedule in paragraph 16.4(a) of this Article.

Section 16.3 Eligibility Conditions. The vacation eligibility date will be the date of last hire by the Company or predecessor contractor when service was continuous, or the most recent rehire date following a termination.

Section 16.4 Allowance for Use of Credits. An employee who meets the requirements as set forth in paragraphs 16.3 in this Article shall be eligible for vacation credits in accordance with the following:

VACATION SCHEDULE

Years of Service	Annual Vacation
1-8 years	10 days
9-17 years	15 days
17+ years	20 days

Section 16.5 Accumulative Credits. Vacation credits will accumulate in an employee's vacation account up to a maximum of two times their current accrual rate. No additional vacation credits will be accrued or awarded until the number of credits in the account drops below this maximum.

Section 16.6 Use of Vacation Credits. Between eligibility dates, an employee shall use his unused vacation credit, in increments of four or eight hours, accumulated in the twelve-month period preceding his last eligibility date as vacation with pay at the rate in effect at the time his vacation begins, including differentials, where applicable, subject to the following conditions:

16.6(a) He shall request vacation dates on forms provided by the Company and the Company will endeavor to schedule his vacation as requested.

16.6(b) In instances where Company management believes the awarding of vacations as requested would interfere seriously with production requirements, the scheduling of vacations shall be as near to the dates requested as possible.

16.6(c) In scheduling vacations, the Company will attempt to meet its production requirements by use of employees on a voluntary basis, and, failing in this, the seniors will be given their preference of available vacation dates to the extent established vacation schedules will permit.

16.6(d) There will be no pay-in-lieu of time off for vacation. The intent of this provision is to cause each employee to use the vacation credits awarded for time off.

Section 16.7 Effect of Termination. Upon termination of an employee's employment for any reason on or after any eligibility date, such employee shall receive pay in lieu of his hours of Vacation Credit earned and unused up to and including the effective date of his termination of employment.

ARTICLE 17 SICK LEAVE

Section 17.1 All employees on the active payroll will on their next sick leave anniversary date, and each sick leave anniversary date thereafter be awarded 48 hours sick leave. On each eligibility date (first anniversary and each anniversary thereafter) of a full-time employee on the active payroll, up to forty eight hours of unused sick leave credits awarded during his or her preceding eligibility year may be, at the employee's option:

17.1(a) Paid off at the employee's rate of pay in effect on the eligibility date; or

17.1(b) Transferred into a sick leave account, up to a maximum of two (2) years and paid to the employee at the time of termination, at the then rate of pay.

The employee must exercise his or her option by written request to the company thirty days prior to his or her eligibility date. The initial request shall remain in effect for subsequent eligibility dates unless canceled, in writing thirty days prior to the eligibility date, by the employee. The parties agree in instances where neither option has been requested by the employee in writing, the option stated in 17.1(a) will be followed.

Section 17.2 Use of Sick Leave.

17.2(a) An employee shall be eligible to use sick leave credits, in minimum increments of one (1) hour as soon as credits have been awarded. However, an employee shall be eligible to use sick leave credits only when awarded or to the extent of available accumulated credits in his sick leave account. Payment for sick leave shall be at the employee's straight time base rate, including differentials, where applicable, not to exceed a maximum of eight (8) hours pay for any one day of absence.

17.2(b) Sick leave shall be granted under the following conditions:

1. Illness of employee.
2. Illness or death in the immediate family as identified in Section 15.6.
3. Medical or dental appointments which can only be arranged during working hours. (Employees should be encouraged to arrange medical or dental appointments so as to avoid absence from work when reasonably practical.)

17.2(c) All sick leave payments must be approved by the employee's supervisor.

17.2(d) When sick leave cannot be charged because the employee has exhausted all sick leave credits and he is not yet eligible for an award of his next sick leave credits, the employee may use available vacation credits.

17.2(e) Employees on leave of absence may use sick leave credits only if the leave is for medical reasons.

ARTICLE 18 HOLIDAYS

Section 18.1 The following holidays shall be observed by the bargaining unit personnel:

New Years Day
Martin Luther King Day
Presidents' Day
Memorial Day
Independence Day
Labor Day
Columbus Day
Veterans' Day
Thanksgiving Day
Christmas Day

*The actual date of observance will be determined by the customer.

Section 18.2 Personal Floating Holiday. Effective January 1, 2004, upon completion of one year of continuous Company service, employees will be entitled to one personal floating holiday per year. Employees may elect, pending management approval, any day during the calendar year to take such personal floating holiday. This floating holiday cannot be carried forward to another calendar year.

Section 18.3 Unworked Holidays. Eligible employees shall receive eight (8) hours pay for unworked holidays (those holidays designated above), at their base rate in effect at the time the holiday occurs, plus differentials, if applicable.

Section 18.4 Worked Holidays. Employees who are required to work on the above-named holidays shall receive the pay due them for the holiday, plus time and one half for all hours worked on such holiday.

Section 18.5 Holidays During Vacation. Should a holiday occur while an employee is on vacation, the employee shall be allowed to take one (1) extra day of vacation with pay in lieu of the holiday as such.

Section 18.6 Holiday Observance When Occurring on a Scheduled Day of Rest. When a holiday falls on an employee's scheduled day of rest, the holiday will be moved in accordance with the following:

18.6(a) If the holiday falls on the first day of rest, the last workday immediately proceeding the holiday will be observed as the holiday.

18.6(b) If the holiday falls on the second day of rest, the first workday immediately following the holiday will be observed as the holiday.

ARTICLE 19 GROUP BENEFITS

Section 19.1 Type of Group Benefits Program for Employees on the Active Payroll. The Company will continue to make available to eligible employees on the active payroll the existing group benefits program for employees in effect on the date of this Company-Union Collective Bargaining Agreement dated March 1, 2003. In lieu of the existing group benefits program, the Company will provide the Life benefits, Accidental Death and Dismemberment benefits, Weekly Disability benefits, Medical benefits, and Dental benefits for eligible employees and Medical benefits and Dental benefits for covered dependents of eligible employees as summarized in the Attachment A.

Section 19.2 Cost of the Group Benefits Program for Employees on the Active Payroll. For employees actively at work on their assigned shift on October 1, 2003, the Company will provide a Company-paid Health and Welfare package consisting of Life, Accidental Death and Dismemberment, Weekly Disability, Medical, and Dental benefits equal to \$785.53 per employee per month, less employee contributions for Medical benefits. For the period of October 1, 2003, through September 30, 2004, employee contributions for Medical benefits will be according to the schedule listed below. Beginning October 1, 2004, and October 1, 2005, the Company will continue to contribute the full cost for the Health and Welfare package, less applicable employee contributions of 15% of the applicable medical premium rate.

Effective October 1, 2003, the weekly employee contributions for Medical benefits will be:

COVERAGE LEVEL	TMP			HMO		
	CAP			CAP		
	2003	2004	2005	2003	2004	2005
Employee	\$14	\$15	\$16	\$11	\$12	\$14
Employee and Spouse	\$25	\$27	\$29	\$20	\$22	\$25
Employee and Child(ren)	\$25	\$27	\$29	\$20	\$22	\$25
Family	\$33	\$36	\$39	\$29	\$32	\$33

Section 19.3 Benefits Program Details and Methods of Coverage. The benefits summarized in the Group Benefits Program shall be procured by the Company under contracts with insurance companies or health care contractors and/or administrative

agents, which will be in the form customarily written by such companies or contractor or administrative agents and the Group Benefits Program shall be subject to the terms and conditions of such contracts and/or administrative agents to develop various programs designed to contain costs, based on those portions of the Group Benefits Program and which contain the requirement that charges are covered only on the basis of medical necessity. Such cost containment programs or procedures may be utilized to determine the medical necessity of the treatment itself, the appropriateness of the services provided, the place of treatment, or the duration of treatment. These programs may include incentives for employees and dependents to use services of an approved Preferred Provider Organization. The carriers or administrative agents and Company will announce each such program or procedure before it is required or available to the affected employees. Any such cost containment program will not operate to reduce the benefits of such Group Benefits Program or any covered person or to shift the costs covered under such Group Benefits Program to the covered person. The failure of an insurance company or health care contractor or administrative agent to provide for any of the services or benefits for which it has contracted shall result in no liability to the Company, nor shall such failure be considered a breach by the Company of the obligations which it has undertaken by this Agreement. However, in the event of any such failure, the Company shall immediately attempt to provide substitute coverage.

Section 19.4 Administration. The Group Benefits Program shall be administered by the insurance companies or health care contractors or administrative agents with whom the Company enters into contractual relationships for the purpose of administering the coverage contemplated by the Group Benefits Program and no question or issue arising under the administration of such Group Benefits Program the contracts identified therewith shall be subject to the grievance procedure or arbitration provision of Article 4.

Section 19.5 Copies of Policies to be Furnished to Union. Copies of the policies, contracts, and administrative agreements executed pursuant to this Article shall be furnished to the Union and the coverages and benefits indicated in the Group Benefits Program, the rights of eligible employees in respect of such coverages, and the settlement of all claims arising out of such coverages shall be in accordance with the provisions, terms, and rules set forth in such contracts.

Section 19.6 Federal or State Programs. If during the term of this Agreement, there is established by federal or state government a program that affords to employees covered by this Agreement similar benefits (such as but not limited to medical benefits and dental benefits) to those that are afforded by this Agreement, benefits afforded by this Agreement shall be replaced by such federal or state program. The Company will comply with the provisions for the furnishing of such program to the extent required by law. No question or issue regarding the level of benefits under the state or federal program will be subject to the grievance and arbitration procedures of Article 4 of this agreement.

ARTICLE 20 SAVINGS PLAN

Section 20.1 Establishment of Eligibility. Subject to the continuing approval of the Commissioner of Internal Revenue and of other cognizant governmental authorities, as more particularly hereinafter specified, and to the provisions of Section 20.4, the BAO Voluntary Savings Plan (hereinafter called the Plan) shall become effective October 1, 1999 for all the employees within the unit to which this Agreement relates. The Plan shall continue to be effective while this Agreement is in effect as to such employees in accordance with and subject to the terms, conditions, and limitations of the Plan.

Section 20.2 Approval of Plan. Approval of the Plan by the Commissioner of Internal Revenue as referred to in Section 20.1 means a continuing approval sufficient to establish that the Plan and related trust or trusts are at all times qualified and exempt from income tax under Section 401(a), Section 401(k), and other applicable provisions of the Internal Revenue Code of 1986, and that contributions made by the Company under the Plan are deductible for income tax purposes in accordance with the law. The cognizant governmental authorities referred to in Section 20.1 include, without limitation, the Department of Labor and the Securities and Exchange Commission, and their approval means their confirmation with respect to any matter within their regulatory authority that the Plan does not conflict with applicable law.

Section 20.3 Continuation Beyond Agreement. The Company shall not be precluded from continuing the Plan in effect as to employees within the unit to which this Agreement relates after expiration or termination of this Agreement, subject to the terms, conditions, and limitation of the Plan.

Section 20.4 Principal Provisions of the Plan. Subject to action by the Employee Benefit Plans Committee and to the approvals specified in Section 20.2, the Company will establish a Savings Plan with the following provisions:

20.4(a) Eligible Employee. All employees in the collective bargaining unit to which this agreement relates will become eligible for participation.

20.4(b) Participation Requirements. Participation in the Plan is automatic, but employee contributions are voluntary. Eligible employees will become Members of the Plan on their hire date. Currently collective bargaining unit employee participation in the savings plan is approximately 70%.

20.4(c) Deferral Percentage. Effective January 2004, members may elect to defer from 1 to 20 percent of their base compensation to the Plan into an Elective Account on a pretax basis, after tax basis, or a combination of both, not to exceed 20 percent.

20.4(d) Retirement Contributions. The Company shall contribute to a Retirement Account on behalf of each Member each pay period beginning after their hire date. Such contribution shall be equal to 3.6 percent of the Member's base rate. The retirement contribution is made whether the participant contributes to the Plan or not.

20.4(e) Company Matching Contributions. The Company shall contribute to a Company Matching Account on behalf of each Member. Such contribution shall be equal to 50 percent of the first 8 percent of the Member's contribution.

20.4(f) Investment of Contributions. Contributions to a Member's Pretax and Aftertax Accounts, Retirement Account, and Company Matching Account shall be invested as directed by the Member.

20.4(g) Vesting. Members shall be fully vested in their Pretax Account, After tax Account, Retirement Account, and Company Match Account at all times.

20.4(h) Member's Withdrawal Rights. A Member may make application to the Plan Administrator for Withdrawal of all or a portion of his or her Pretax, After tax, Company match, and rollover Accounts for a hardship (Retirement Contributions are not eligible to be withdrawn for a hardship). The Member must document and certify that the financial need cannot be met through other sources, including loans and reasonable liquidation of assets and the Member must also provide supporting documentation substantiating the need for a hardship withdrawal.

A Member may apply for a Facts and Circumstances hardship withdrawal for the following:

- Expenses for medical care (described in Internal Revenue Code Section 213) previously incurred by an employee, an employee's spouse or any dependents of the employee.
- Costs directly related to the purchase or repair of a principal residence for the employee (excluding ongoing mortgage payments).
- Payment of tuition, related educational fees, and room and board expenses, for the next 12 months of post-secondary education for the employee, or the employee's spouse, children, or dependents.
- Payments necessary to prevent the eviction of the employee from the employee's principal residence or foreclosure on the mortgage on the employee's principal residence.
- Employee on leave without pay or otherwise absent without pay for 15 days or more.

- Employee's lump sum child support order (court order only).
- Past due federal or state taxes (federal or state notice only).
- Funeral expenses of the employee's immediate family.

To be eligible for a hardship withdrawal, a Member must first obtain all available loans from all plans and from commercial lenders, unless the loan itself would cause a heavy financial need; stop all contributions to the Plan, if discontinuing contributions could satisfy the financial hardship; and provide the Plan Administrator with a substantial amount of information about the financial resources available to the Member, the Member's spouse and minor children. Company Matching Contributions are suspended for six months following a hardship withdrawal.

A member may also apply for an Aftertax withdrawal, Company Matching Contribution withdrawal (after five years of service), a withdrawal of Rollover contributions or an age 59 ½ withdrawal. Company Matching Contributions are suspended for six months following a Company Matching Contribution withdrawal.

20.4(i) Member's Loan Rights. Members who have made application and are on the active payroll or are on a Company approved leave of absence may borrow 50 percent of their account balance, subject to a minimum loan amount of \$1,000 and a maximum loan amount of \$50,000 less the highest outstanding loan balance of any Boeing savings plan loan in the preceding 12-month period. Loans shall be for a term not to exceed five years, or 20 years if the loan proceeds are used for purchasing the principal residence of the Member, and at a fixed rate of interest determined in accordance with the Plan. Scheduled repayments of the loan shall be withheld from pay and Members may payoff outstanding loan balances at any time in a single payment. Two loans may be outstanding at any one time across all Boeing savings plans. During the term of any such loan, the Member may not withdraw funds from his or her Account pursuant to Section 20.4(h) above such that the total of the withdrawal and the outstanding loan balance would exceed the amount in the Member's Account.

An employee on an authorized leave of absence or otherwise absent from work without pay will be allowed to skip up to 12 consecutive monthly payments. If the skipped payments cause the term of the loan to be extended beyond five years, or the original term of the loan if the term was for more than five years, the loan balance and accrued interest will be owed in full at the end of the term of the loan. If payment is not made in full, the loan balance will default. The employee will not be eligible to request a new loan, until the defaulted loan is paid in full.

Section 20.5 Required Plan Amendments. The Company reserves the right to amend the Plan to satisfy all requirements of Section 401(a), Section 401(k), or any other applicable provisions of the Internal Revenue Code of 1986.

Section 20.6 Participant Elective Contributions Not Applicable for Other Purposes. It is acknowledged that the election of a Member to convert a portion of his or her base pay under the terms of the Plan will be effective for purposes of this Plan and will reduce the Member's compensation insofar as certain payroll taxes may be applicable. However, for all other employment related purposes, including all of the Member's rights and privileges under this labor agreement, his or her base pay or compensation will be considered as though no election has been made.

ARTICLE 21 DURATION

This Agreement shall become effective as of March 1, 2003 (which date is the date when this Agreement was executed, sometimes referred to as the "effective date of this Agreement"), and shall remain in full force and effect until midnight, March 1, 2006, and shall automatically be renewed for consecutive periods of one year thereafter (after March 1, 2006), unless either party shall notify the other in writing, at least sixty days, but not more than seventy-five days prior to March 1 of any calendar year, beginning with 2006, of its desire to terminate the Agreement, in which event this Agreement shall terminate at midnight March 1 unless renewed or extended by mutual written agreement. In the case of such notice, the parties agree to meet immediately thereafter for the purpose of negotiating a new agreement or a written renewal of this Agreement.

SIGNATURES OF THE PARTIES

IN WITNESS WHEREOF, the Company and the Union have caused this Agreement to be signed by their authorized representatives.

**International Association of Machinists
and Aerospace Workers, AFL-CIO**



**Dick Schneider
Aerospace Department**



**Joe Harrington
Business Representative**

The Boeing Company



**Thomas A. Easley
Director Union Relations**



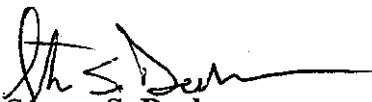
**Geoff Wilson
Meridian Site Manager**



Will R. Leeper
Committee Member



Karen Dunn
Human Resource Manager



Steven S. Decker
Committee Member



John Tulak III
Labor Relations



Andrew C. Sheffield
Committee Member



Gary L. Hines
Committee Member

APPENDIX A

JOB TITLE	BASE RATE AS OF			
	Ratification Rate	10/2003	10/2004	10/2005
Supply Technician	\$12.81	\$13.32	\$13.78	\$14.26
Maintenance Records Clerk	\$13.17	\$13.69	\$14.16	\$14.65
Tool & Parts Attendant	\$14.27	\$14.84	\$15.35	\$15.88
Warehouse Specialist	\$14.30	\$14.87	\$15.39	\$15.92
Aircraft Servicer	\$17.43	\$18.12	\$18.75	\$19.40
Automotive Servicer	\$17.43	\$18.12	\$18.75	\$19.40
Aircraft Log & Records Specialist	\$17.65	\$18.35	\$18.99	\$19.65
Library Technician	\$18.08	\$18.80	\$19.45	\$20.13
Woodworker	\$18.20	\$18.92	\$19.58	\$20.26
Gold Database Analyst	\$18.82	\$19.57	\$20.25	\$20.95
Aircraft Painter	\$19.01	\$19.77	\$20.46	\$21.17
Avionics Corrosion Control Technician	\$19.01	\$19.77	\$20.46	\$21.17
Mechanic Facilities Maintenance	\$19.80	\$20.59	\$21.31	\$22.05
Aircraft Mechanic	\$19.80	\$20.59	\$21.31	\$22.05
Flight Line Coordinator	\$19.80	\$20.59	\$21.31	\$22.05
Electronics Mechanic	\$20.04	\$20.84	\$21.56	\$22.31
Quality Control Data Analyst	\$20.69	\$21.51	\$22.26	\$23.03
Non Destructive Inspector	\$20.69	\$21.51	\$22.26	\$23.03
Aircraft Inspector	\$20.69	\$21.51	\$22.26	\$23.03
Production Control Coordinator	\$21.39	\$22.24	\$23.01	\$23.81
Maintenance Control Coordinator	\$21.39	\$22.24	\$23.01	\$23.81
Electronics Technician Maintenance III	\$22.34	\$23.23	\$24.04	\$24.88
Maintenance Machinist	\$23.94	\$24.89	\$25.76	\$26.66

LETTER OF UNDERSTANDING #1

Joint Company - Union Alcohol and Drug Dependency Program

The Union recognizes the Company's policy to maintain a drug and alcohol free workplace, and to comply with laws and regulations addressing that subject. The Company will implement drug and alcohol testing (a) to the extent necessary to comply with said laws and regulations and (b) to the extent the Company otherwise believes it necessary to achieve a drug- and alcohol-free workplace.

The Company and Union have agreed to use a balanced approach to achieving a drug- and alcohol-free workplace. A central component of that approach is the intent to help employees overcome substance abuse problems through a comprehensive Employee Assistance Program. To that end, the Company agrees to provide employees who have verified positive tests an opportunity for rehabilitation, except where termination for independent reasons is appropriate.

Nothing in this letter shall be construed as limiting the Company's right to impose discipline for cause in substance abuse related cases (or the implementation of any drug testing programs the Company deems appropriate.) The Union reserves the right to grieve the question of whether the Company's program is consistent with this letter.

INTERNATIONAL ASSOCIATION OF MACHINIST AND AEROSPACE WORKERS, AFL-CIO



Dick Schneider
Aerospace Department



Joe Harrington
Business Representative

THE BOEING COMPANY



Thomas A. Easley
Director Union Relations



Geoff Wilson
Meridian Site Manager

LETTER OF UNDERSTANDING #2

Share Value Program

The Boeing Company and the Union agree that all eligible represented employees may participate in the Boeing ShareValue Program (also known as the ShareValue Trust) for the duration of this agreement. The parties agree that the Company's success depends upon the ability to return long-term value to its shareholders. The intent of this program is to help inform employees about what makes a business run and produces shareholder value, and to allow employees to share in the results of their efforts to increase shareholder value.

Employees will be eligible to participate in accordance with the governing provisions of the ShareValue Program as set forth in the official Program documents. In the event of any conflict between this Letter of Understanding and the official ShareValue Program documents, the official ShareValue Program documents will prevail in every case.

Eligible participants will proportionally share in a ShareValue Trust distribution based on the number of months they were eligible to participate during any investment period falling within the term of this agreement or any preceding agreement that provided for their participation in the ShareValue Program.

**INTERNATIONAL ASSOCIATION OF
MACHINIST AND AEROSPACE
WORKERS, AFL-CIO**



Dick Schneider
Aerospace Department



Joe Harrington
Business Representative

THE BOEING COMPANY



Thomas A. Easley
Director Union Relations



Geoff Wilson
Meridian Site Manager

LETTER OF UNDERSTANDING #3
EMPLOYEE INCENTIVE PROGRAM

The company may during the term of this agreement explore the possibility of developing and implementing a supplemental tool, such as an incentive program, to help sustain its competitive business advantage within the industry. The intent of such a program would be mutually beneficial for both the Company and all employees by rewarding employees for performance which directly contributes to the mission and philosophy.

The Company reserves the right, with reasonable notice to the Union and all effected employees to install, revise or discontinue the program at any time should the Company determine that it be necessary to do so.

**INTERNATIONAL ASSOCIATION OF
MACHINIST AND AEROSPACE
WORKERS, AFL-CIO**

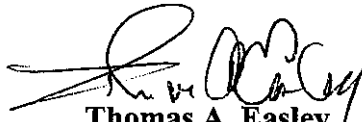


Dick Schneider
Aerospace Department



Joe Harrington
Business Representative

THE BOEING COMPANY



Thomas A. Easley
Director Union Relations



Geoff Wilson
Meridian Site Manager

LETTER OF UNDERSTANDING #4

NON-STANDARD WORK WEEK

The purpose of this Letter of Understanding is to set forth the parties' agreement regarding non-standard work schedules. It is agreed that the company may schedule employees to work a non-standard work schedule consisting of shifts of longer duration than those specified in Article 6 of the Collective Bargaining agreement during work weeks of less than five full consecutive days, as set forth in Article 6 of the agreement, for a total work week of 40 hours. By way of illustration, but not in limitation, a non-standard work schedule could be four 10-hour days. In the event the company institutes a non-standard work schedule, the following shall apply:

1. **Shifts, Lunch Periods and Rest Periods.** Section 6.2 of the agreement will apply except that first and second shifts shall be the number of non-standard work schedule hours plus a reasonable lunch period (e.g., a 10-hour and 30-minute period). A Minimum of 30 minutes for an unpaid lunch period, a minimum of one, 15 minute rest period in each half of the shift and shift starting time will be as provided in Section 6.1.
2. **Base Rate.** Article 15 of the agreement will apply except that the number of non-standard work schedule hours (e.g., 10) will be substituted for eight hours in Article 13, Section 13.1 Jury Duty, Section 13.2 Witness Service, Section 15.6 Bereavement Leave.
3. **Unworked Holidays.** In the event a holiday, as identified in Article 18, falls on a scheduled day off, it will be observed on the closest scheduled work day. An employee working on a non-standard work schedule will receive the equal amount of holiday hours per year as an employee on a standard work schedule.
4. **Vacations/Sick Leave.** When a day of vacation/sick leave is taken, an employee working on a non-standard work schedule will receive the number of hours of pay for the vacation/sick day equal to the number of regularly scheduled hours on the employee's shift for that day.

Except as expressly provided in this Letter of Understanding, all provisions of the agreement will apply in the event the company elects to institute non-standard work schedules. Any other matters relating to non-standard work schedules will be subject to mutual agreement by the parties.

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Director Union Relations



Geoff Wilson
Meridian Site Manager

LETTER OF UNDERSTANDING #5 DETACHMENTS

Section 1. Under the terms of the contract with the US Navy The Company is required to send personnel off site to outlying fields, or other locations as determined by contractual requirements. The Company will determine how many employees, skills required, and the scope of the work during any remote assignment.

Section 2. Notwithstanding the Company's right to assign employees to any rescue, the normal practice will be that each site will "rescue" those aircraft assigned to the location.

Section 3. Detachment requirements will be filled on a rotating qualified basis. The Detachment positions will be first offered to the most senior qualified employee per classification. Should the most senior qualified employee decline he will be rotated to the bottom of the rotation list and the position offered the next senior qualified employee on the list. This process will continue until all billets are filled. Should there be an insufficient number of employees volunteer, management will select employees from the most junior qualified employees on the list.

Each new detachment selection will begin at the point left off on the list from the previous detachment selection.

Section 4. Should there be an extension to a detachment or a follow-on detachment to a different location from the original detachment location, with a requirement for fewer employees, the requirements will be filled by asking for volunteers of the senior most qualified of all of the employees on the original detachment. Should there be an insufficient number of employee volunteers, management will select employees from the most junior qualified employees on the detachment until all requirements are filled.

Section 5. Personnel assigned to off site assignments may be eligible to receive per diem in accordance with current Joint Travel Regulations. Employees authorized to use their personal cars will be paid the current mileage listed in the Joint Travel Regulations. In all cases employees must comply with the Joint Travel Regulations. In no instance will employees be entitled to compensation, travel, reimbursement of travel time in excess of that which is provided to employees who take government directed transportation

Section 6. During detachment periods away from NAS, an employee shall be paid for the period required as "show time" for airlifts or any other transportation method to the arrival time and including any time worked after the time of arrival.

Section 7. Personnel assigned to shipboard assignments will be paid a minimum of twelve (12) hours per day while employees are aboard ship. Any hours worked in excess

of twelve (12) hours will be paid for time worked. Effective October 1, 2003, personnel assigned to shipboard duty will receive an additional \$40 per day while the ship is underway. There will be no additional compensation for shipboard drills.

Section 8. Selection of personnel for rescue assignments shall be the same as the selection process for detachments, utilizing a separate rotation list.

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